# World Chronicle

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## GLOBAL CONSUMPTION

Despite a dramatic surge in global consumption, with real expenditures doubling over the last 25 years, more than one billion people still lack the opportunity to consume in ways that meet their most basic needs. This is one of the conclusions of the 1998 issue of the Human Development Report, which deals with consumer patterns worldwide and its impact on human development. This is the 9th edition of the Report. In today's World Chronicle, we interview Mrs. Sakiko Fukuda-Parr, Director of UNDP's Human Development Report Office.

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**ANNOUNCER:** From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

**LITTLEJOHNS:** I'm Michael Littlejohns, and this is **World Chronicle**.

The average African household today consumes 20 percent less than it did 25 years ago. This and much more can be found in the *1998 Human Development Report*, produced by UNDP, the United Nations Development Programme. This year's issue focuses on consumption patterns worldwide. Previous issues have dealt with themes such as poverty and gender.

Our guest today is Mrs. Sakiko Fukuda-Parr, who is the Director of the Human Development Report Office at the UNDP. She has coauthored the yearly Report since 1995.

Joining me to discuss this year's Report with Mrs. Fukuda-Parr is Jack Freeman of the *Earth Times* and Bhaskar Menon of the *International Documents Review*.

Mrs. Fukuda-Parr welcome to **World Chronicle**.

**FUKUDA-PARR:** Thank you.

**LITTLEJOHNS:** Madame, as we noted in the introduction, previous issues of this Report have dealt with poverty and gender. Why did you decide to make the theme for this latest Report consumption?

**FUKUDA-PARR:** Well, every year, we pick a theme that is particularly important for people and clearly, this is I think one of the challenges of the coming years of the 21st century -- how people can consume to satisfy their needs and wants in a way that doesn't hurt other people.

**LITTLEJOHNS:** My reading of this Report makes me think that what you are advocating is that consumption should be reduced but before we came on the air, you sort of suggested that perhaps this was not really what you were getting at.

**FUKUDA-PARR:** That's precisely the situation. I think a lot of people automatically assume that whenever you say that there is a problem with consumption, "ah you want this solution of a simple lifestyle – you want downsizing, you want people to consume less", but what we notice is that an awful lot of people in the world, maybe a fifth of the world population are not consuming enough. As you just said, the Africans are consuming less than what they were consuming before. And not just that, they are not consuming enough to barely survive.

**LITTLEJOHNS:** But the African countries will have a tough time consuming a lot more until their economic situation improves enough for them to be able to pay for what they consume.

**FUKUDA-PARR:** Yes. But you see, one of the interesting things about consumption, and that becomes apparent in this Report, is consumption is not something that you just pay for. There is consumption that takes place from what you collect from natural environment, for example.

**LITTLEJOHNS:** Forests and other natural resources.

**FUKUDA-PARR:** Fisheries and all of that sort of thing. There is also public consumption that is consumption from the public services that are provided. So there is a need really for public policies to address environmental conditions, what's provided by government services and so forth.

**LITTLEJOHNS:** There's surely a contradiction there in the case of Africa. Even if their consumption is down 20 percent in the last 25 years, the fact of the matter is they are denuding the forests and polluting water supplies and making a big mess of the environment.

**FUKUDA-PARR:** Those trends are unfortunately quite evident, yes. Yes.

**FREEMAN:** The question that's been bothering me is how governments can improve consumption of the poor people within their borders unless they have more money, more income.

**FUKUDA-PARR:** Well, you see, I think that's the whole point. This is not about incomes. Consumption patterns have to do with what there is to buy. It's not just about how much money you have to buy it. Consumption patterns, as I said, have to do with what services are provided by government. They have to do with the kinds of resources there are in the environment. One of the important things when you talk about consumption is to see that it's not the government and the individual consumer that's involved, it's the whole community that gets involved and environmental questions are very important as well.

**MENON:** That raise the question of values. Essentially, what you are saying is that societies as a whole, not individuals, must change their whole value system in consumption and the value they attach to raw materials and the value they attach to the environment and the value they attach to canned goods, if you want. So you are talking about an enormous evolutionary change as it were. I'm not saying it can't happen or will last 20-30 years. We have seen a change in values towards environment, specially. But how realistic is it when many people are hard-pressed? They live hand-to-mouth. Many societies – even the big rich societies like the United States and Japan -- have economic troubles. There is a certain element of risk involved in change. How realistic is it for the UN to come up and say you must change your consumption patterns?

**FUKUDA-PARR:** Let me take your question about values because I think that's a very interesting point that you raised. You see, I think one of the critical points to remember

with consumption is that changing consumption patterns might, in some respects, require a change of values. When you get this feeling that someone is preaching out there saying, "don't buy that kind of a tie, it looks too extravagant or something like that". But what we are really getting at is not that sort of an issue, really. It's not a sort of a moral preachy thing at all. Let's just think about values -- the values that people have -- and maybe, Mr. Menon, you may have a value that says, you want a clean environment, that's your value and I am sure, many, many people in the world share that kind of a value.

**MENON:** But not enough.

**FUKUDA-PARR:** No. No, no, I won't say that. But we, as consumers, have that value and yet the market is not providing us with a zero-emission car. We want to consume in ways that are consistent with our own values as well. And what we want to do is to make sure that the policies, the conditions, you know, that are in place helps us do those things.

**MENON:** But that is besides the point which is that if the market, as you say, does not provide, why does it not provide? Because people are interested in making money in the current systems.

**FUKUDA-PARR:** You mean there's a conflict of values.

**MENON:** Yes.

**FUKUDA-PARR:** Mutually inconsistent values that we have.

**MENON:** Each one of us lives in conflict, you know.

**FUKUDA-PARR:** Yes. Yes. But I think that's the sort of thing that we have to sort out, you know. How can we have a situation, how can we evolve a public policy where we can meet all of our values, if you like, and let's think about price incentives. There are many, many subsidies and taxes that, if you like, distort -- according to a conventional economic analysis -- distort prices and incentives. They are what we label perverse subsidies. Subsidies that actually encourage environmentally destructive kind of consumption rather than encourage it. There are also taxes that do pretty much the same thing. And then there is the important question of technology. You see, if you could actually encourage the development of technology, that's it. Let's take again the example of the zero-emission car.

**MENON:** Before we get lost in the thickets of detail over here, you say in your Report that basically the Report has qualified optimism. How exactly -- what do you mean when you say it's 'qualified optimism'?

**FUKUDA-PARR:** First of all, it's optimistic because we see that over the last decade or so, there has been tremendous change. First of all, what we were so worried about a couple of decades ago, in terms of the environmental consequences of consumption namely, the depletion of the natural resources, we have ...

**LITTLEJOHNS:** But it's still happening, Mrs. Fukuda-Parr.

**FUKUDA-PARR:** Yes and no. It has slowed down an awful lot in terms of the depletion of the non-renewable resources -- the minerals, the metals, and so forth -- there's been what's called de-linking between GDP growth and the growth of consumption of those natural resources. So, GDP is going up, our consumption is going up -- you know, consumption for our own well-being -- and yet the use of natural resources is going down.

**MENON:** Going down?

**FUKUDA-PARR:** Yes. Not going down systematically across the board, but some of these things have been sort of stabling, you know, has come down a bit.

**LITTLEJOHNS:** When people in the private sector, corporate leaders, read this Report, what do you think their reaction is going to be? Are they going to think that this is -- what you are recommending is good or they are going to be rather sceptical, perhaps a little bit nervous if they conclude as I must say I did, after my initial reading, that what you really want is less consumption?

**FUKUDA-PARR:** Corporate leaders are human beings too, you know, so I suppose there are an awful lot of ...

**LITTLEJOHNS:** Sometimes the UN and the corporate world seem to be at odds.

**FUKUDA-PARR:** I think that -- I hope they will read the potential that exists for the kind of private sector development that is not just beneficial for people's well-being, so to speak, but also good for profitability, and I hope that they will see that the role -- the critical role -- that they have to play in this because this Report talks about four actors that are needed in this shift. We tend to focus in the UN on governments because governments are sort of the other Members of the UN. The government policies are, of course, important but even more important is probably...

**LITTLEJOHNS:** The Charter talks about "We the Peoples" ...

**FUKUDA-PARR:** the Peoples .... that's right. So the other -- the second Party is the consumers themselves and the third, who must demand the kinds of environmentally friendly goods on the market.

**MENON:** About 20 - 30 years ago, there's a book on -- I don't know if you remember it -- it was called "Small is Beautiful" and it was written by one of the great economists here ...

**LITTLEJOHNS:** Schumacher.

**FUKUDA-PARR:** Schumacher, yes.

**MENON:** How is your message different from Schumacher's? And how would you relate, from the time of Schumacher's book to now, has there been any progress

towards "Small is Beautiful"?

**FUKUDA-PARR:** I think "Small is Beautiful" focused on sort of a very grassroots micro activities, particularly in Developing Countries. We are here talking about all kinds of global problems like global warming, referring to the fact that there is a role for global intra-governmental action. We are talking also about large-scale technologies that can make a difference. Not just small scale technologies. So I think that the solution is not quite so limited to people solving problems themselves. We are talking about partnership with business, partnership with community groups, partnership ...

**LITTLEJOHNS:** Jack, you are involved with the *Earth Times*, what about some environmental concerns?

**FREEMAN:** I have some questions on that. I wanted to nail down one other thing. First, you mentioned there are four actors. You mentioned two of them ....

**FUKUDA-PARR:** Yes.

**FREEMAN:** Governments and consumers. What about the other two?

**FUKUDA-PARR:** Yes. The other two are private sector, private business and the fourth one is civil society organizations.

**FREEMAN:** The NGOs.

**FUKUDA-PARR:** Yes, the NGOs.

**FREEMAN:** One reason for possible pessimism that I saw on the Report is that you are ranking -- the countries that ranked the top in the human development index that is having the highest levels of human development -- are almost identical to those at the top of the gender development index. And conversely the ones at the bottom of one index were at the bottom of the other.

**LITTLEJOHNS:** You mean, why women are playing a major part in society?

**FREEMAN:** That's right, why women are forestalled from playing a major part in the society. And that's an area of values. It's an area of -- well, it has seen a lot of actions certainly over the last decade. But how can we get these governments, these countries, in which women do not have -- are not able to play an active role. How do you get them ....

**FUKUDA-PARR:** You know, this is why it's so interesting. Take my own country, Japan, where we are notorious for having very few women participating in national-level big politics. That's why, in fact, if you don't take the GDI but our measured gender empowerment measured them even though we are number eight or something like that in the human development index, we are down in number 30 something in the gender development -- gender empowerment index -- so there are quite a lot of variation there. You see we women play a very important role as consumers. So women may not be in big national politics,

women may not be in big business, women may not be in big policy making in governments, but individual consumers make an enormous difference and I think women are consumers. I think the free market economy is increasingly a consumer driven world and consumers, particularly if they could get themselves together and press governments and press businesses for certain kinds of goods, certain kinds of production processes, then I think they can make a big difference.

**LITTLEJOHNS:** This is **World Chronicle.** Our guest is Mrs. Sakiko Fukuda-Parr, Director of the Human Development Report Office at the UNDP.

**MENON:** When you are talking about macro problems, as you said, which is different from talking about "Small is Beautiful" and at the same time you are talking about people getting together, consumers getting together to enforce their likes or dislikes or whatever, you are essentially predicating all these on active choices being made available to people. The Report also says that Developing Countries now face strategic choice. Now, strategic choice is one in which there are clear alternatives. As far as I can see, no such choice exists. Most people are confused about what to do in any situation. I personally, I don't know what is an environmentally proper thing to do. Countries are in fact in far worst position because their governments are hard-pressed, short of information. So to what extent is there any kind of real strategic choice, either for individuals or for governments?

**FUKUDA-PARR:** Well, I think there's a lot of choice and we are -- to the point that we try to expand those choices. If you think in terms of -- this is why we are saying that consumers should not just be sort of exercising their options as consumers, they should be using consumer power to change the environment in which they are operating. You see, the point is that, we coined a phrase "we are rational consumers operating in a rational world". So if you want to be really a rational consumer and be consistent with your values, that consumer should also try to change those systems.

**MENON:** But it's a chicken or egg situation. You can't mobilize unless you have information and information is controlled by the people who ...

**FUKUDA-PARR:** Yes, that's true. That's why I talked about the four actors. Let's take tobacco. You get information about tobacco from tobacco advertising. But then the NGOs should be there to try to provide different kind of information, to pressure governments to provide further information -- so that's why I talked about the four actors.

**LITTLEJOHNS:** How much influence do you think that the previous Reports have had for good or worse – have you had a lot of reaction to these Reports in the past and have you been able to judge what effect it had?

**FUKUDA-PARR:** A tremendous amount of reaction from all corners – we have first

of all tremendous amount of dissemination. The Report is being translated into up to ten languages in most years and now, different countries have taken up the whole concept of human development, of development that is beneficial to people.

LITTLEJOHNS: And they are producing their own national reports?

FUKUDA-PARR: And they are producing, yes, and we have something like a hundred national reports that have been produced and now they are getting established as an annual publication in each country.

LITTLEJOHNS: How many Reports have you issued in UNDP?

FUKUDA-PARR: This is the ninth global report.

FREEMAN: Six years ago, at the Earth Summit, there was much talk about the need for a more equitable and sustainable pattern of consumption, especially from the developing countries and the NGOs and that whole discussion was rather stifled by the US and the other rich countries. To what extent that this Report represent a return to Rio or a change in direction?

FUKUDA-PARR: Well, you know, equity and the protecting and promoting the interest of poor countries and -- not so much poor countries, but I should say poor people -- is the primary mission, if you like, of these Reports. We are very, very concerned with those billion or two billion people who are living at the edge of survival and this Report certainly points out that, you know, as consumers we are linked to all of those people and that the problem of our consumption, its impact on the environment ultimately translates itself into impact on people who are living in these areas. If you take the case of fisheries, the fact that we are generating a demand for fish here, means that that puts a pressure on fisheries exploitation and if that exploitation is not done in the right environmentally friendly way, it is depleting resources that can wipe out livelihoods for the people – the local people – who are living on those resources whereas we can go of to another fishing ground for our supply of fish. So these are the linkages that we have to trace and certainly, this Report documents the fact that the environmental consequences of these kind of destructive activities have the greatest consequences on the poorest people in the world.

LITTLEJOHNS: Mrs. Fukuda-Parr, when do we get some of your data? I see here "how rewarding is today's pattern of consumption in terms of human satisfaction?", the Report asks. The percentage of Americans calling themselves happy peaked in 1957 even though consumption has more than doubled in the meantime. Where do you get the information that the happiness quotient, if you like, fit in 1957? It seems to me that Americans are pretty happy with the economy nowadays on the whole, at least until the market started to do a turnaround.

FUKUDA-PARR: We use a large number of sources and I think there have been

some market surveys and so forth that have produced these data. But I think the commentary is a philosophical one which I think really the affluent society of today has to ask itself. You know, we are posing a sort of a rhetorical question here: does materialism – really material affluence – satisfy human needs?

**LITTLEJOHNS:** So you are not really convinced that people are happier in 1957?

**MENON:** Can I ask you something else. There's been a kind of a rising awareness at the UN – let us call it a vital environment issues – at the same time almost directly related to this. It seems there has been a drop in the funding of international environment programmes. The UN Environment Programme is in financial crisis. Overall, foreign aid directed at environment has dropped. Why is this?

**FUKUDA-PARR:** Yes. I think that international financing for development, anti-poverty activities is caught up in a broader change. I think this is the post-Cold War reality shifting away from development assistance that was very much tied to bilateral relations between countries, to geopolitics, and so forth.

**MENON:** Every study I have looked at has said that public funding is absolutely essential to governments that made these changes, specially for poor countries.

**FUKUDA-PARR:** Specially for the poorest countries, yes.

**MENON:** Is all these talks sincere at all? Is there any – do you think this is just hogwash?

**FUKUDA-PARR:** I think that one of the problems, and this is the reason why we feel we are filling a gap, is that there has been increasing environmental awareness in our own communities for our own good, if you like. But you know, we like to say think locally – sorry – act locally, think globally not just act locally, think locally.

**LITTLEJOHNS:** Old politics ...

**FUKUDA-PARR:** We need to think about the global impacts, the impacts far away of our consumption. The other is also true. We must think about what consumption out there on the other side of the world is doing to our own well-being and our own consumption choices.

**LITTLEJOHNS:** Jack?

**FREEMAN:** Yes, I was going to ask, how are you hoping that this Report will help bring that about.

**FUKUDA-PARR:** There is a great deal of debate today going on about development issues, about environment issues, and what we very much wanted to do in this Report is to bring closer together the environment issues with the poverty issues.

**LITTLEJOHNS:** You say advertising is increasing worldwide faster than population or incomes at – an average American, it is estimated, sees 150,000 advertisements on

television in his or her lifetime. Is that good or bac?

**FUKUDA-PARR:** Advertising obviously also gives you information, you know, but I think what is bad is if this advertising is irresponsible, for example, targeted at children, in sort of irresponsible ways. Or if there is total lack of any kind of concern for the kinds of things that they are advertising. What if they are advertising alcohol to children? I don't know. You know, I think the system .....

**MENON:** In the context of your study, advertising junk could be as bad because it is junk consumption.

**FUKUDA-PARR:** Well, I don't think that we are against all junk consumption. Depends on what you mean by junk consumption.

**MENON:** The 'beanie babies' may be a good example.

**FUKUDA-PARR:** I'm quite fond of beanie babies. I much prefer that my son plays with beanie babies not with toy guns, quite frankly.

**LITTLEJOHNS:** In the scale – we have only a few seconds left – in the scale of countries in terms of human development, which are the top five or six countries now according to your judgment?

**FUKUDA-PARR:** The top industrial countries rank high in terms of human development. Canada has consistently been number one in the last few years. United States, France, Sweden are all on the top. However, what is important is to know that we have a poverty measure for the first time for industrial countries and according to that we show that really, how the extent to which there are pockets of human depravation and poverty in these high human development countries.

**LITTLEJOHNS:** Mrs. Fukuda-Parr, that's all the time we have. Thank you for being with us on this edition of **World Chronicle**. Our guest has been Mrs. Sakiko Fukuda-Parr, Director of the Human Development Report Office at UNDP. She was interviewed by Jack Freeman of the *Earth Times* and Bhaskar Menon of the *International Documents Review*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**